



Missouri Department of Social Services

Provider Reimbursement Rate Study

Senate Bill 577

Fiscal Year 2007 Rates

Provider Reimbursement Rate Study

FY 2007 Rates

Introduction

Senate Bill 577 passed by the Missouri Legislature in state fiscal year 2007 requires the MO HealthNet Division (MHD) to report by January 1, 2008 and annually thereafter the status of MO HealthNet provider reimbursement rates as compared to one hundred percent of Medicare reimbursement rates and compared to the average dental reimbursement rates paid by third-party payors licensed by the state (Section 208.152.1(23)). MHD is required to provide to the General Assembly a four-year plan to achieve parity with Medicare or the third-party payor average by July 1, 2008. The following study reports the MO HealthNet status of provider rates for state fiscal year 2007.

Methodology

Reports were obtained from the Medicaid Management Information System (MMIS) for each program area for state fiscal year 2007 identifying the type of service, provider type, units paid, paid amount, procedure codes, modifiers, current Medicaid allowed amount and current Medicare allowed amount. All procedure codes payable for each program area were obtained. The program areas included: Ambulance, Audiology, Comprehensive Day Rehabilitation, Dental, Durable Medical Equipment, Optical, Physician and Therapy. Some programs were not analyzed because their rates are not based on a fee schedule. Those programs include: Disease Management, EPSDT, Hospice, Managed Care, NEMT, Non-Participating Provider, Pharmacy and State Institutions. Program areas such as Hospital and Nursing Facilities were not analyzed since they are reimbursed based on cost reports unique to each facility and not on provider rates. Federally Qualified Health Centers and Rural Health Clinics were excluded from the analysis since their reimbursement methodology is based on 100% of costs.

Data were grouped according to the age of the participant on the date of service. Children were defined as individuals under the age of 21 and adults were defined as individuals age 21 and over.

The comparison groups required in Senate Bill 577 were Medicare rates and the average dental reimbursement rate. The current Medicare allowed amount was available through the MMIS in

many cases. If not available through that source then the Medicare allowed amount reported on the website for the Centers for Medicare and Medicaid Services (CMS) contracted intermediary for the state of Missouri, Pinnacle Business Solutions, Inc. was used (<http://www.momedicare.com>, 2007).

The benchmark used for the Dental program is published in the *2007 National Dental Advisory Service Fee Report* (Wasserman, 2007). The rates chosen for comparison were at the 50th percentile.

Analysis

Codes were grouped together in groups logical for each program area. Codes not used for MO HealthNet billings were excluded from the analysis. The measures reported are the number of codes, units of service, MHD cost, comparison group cost and the MHD cost as a percentage of the comparison group. The MHD cost was computed by multiplying the number of units delivered for each code by the current Medicaid allowed amount for that code. This calculation was used instead of the amount paid because the amount paid reflects adjustments.

The comparison group cost was calculated by multiplying the number of units delivered for each code by the current allowable Medicare or average dental rate.

The percentage comparison rate was calculated by measuring the MHD cost as a percentage of the comparison group.

In cases where no Medicare benchmark was available for comparison the current MHD cost was reported without comparison. Codes that are manually priced thus not comparable were so noted along with the amount paid in FY 2007.

Findings

Findings by program area are displayed in Table 1. In some cases a straightforward comparison of MHD cost to Medicare cost or the average dental rate was possible. However, there were instances where there was no Medicare benchmark available for comparison or the Medicare reimbursement methodology was so different that a comparison would be invalid. Manually

priced items such as some medical supplies and durable medical equipment as well as some therapies are examples of codes where there were no valid comparisons.

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Table 1 Findings

**Missouri Department of Social Services
MO HealthNet Division**

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Ambulance Program

		Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
MO HealthNet Compared to Medicare						
Children	Ground Mileage	2	262,810	\$657,025	\$1,642,563	40%
	Ground Transport, Serv & Supplies	11	9,811	\$1,505,675	\$3,227,418	47%
	Air Mileage	2	54,477	\$136,193	\$1,631,041	8%
	Air Transport, Serv & Supplies	3	972	\$813,596	\$3,849,136	21%
Adults	Ground Mileage	1	608,479	\$1,521,198	\$3,802,994	40%
	Ground Transport, Serv & Supplies	9	40,041	\$6,314,664	\$13,355,914	47%
	Air Mileage	1	52,955	\$132,388	\$1,585,473	8%
	Air Transport, Serv & Supplies	2	1,810	\$1,145,138	\$5,399,229	21%
Codes with No Medicare						
Children	Ground Transport, Serv & Supplies	2	21	\$420		
	Air Transport, Serv & Supplies	4	784	\$7,360		
Adults	Ground Transport, Serv & Supplies	2	13	\$260		
	Air Transport, Serv & Supplies	4	4,394	\$38,530		

These units account for less than 1% of the total units billed for this program.

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Audiology Program

			Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
MO HealthNet Compared to Medicare							
Children	Evaluations/Testing		35	13,960	\$273,024	\$414,736	66%
Adults	Evaluations/Testing		5	337	\$6,521	\$15,754	41%
Codes with No Medicare							
Children	Fittings, dispensing fees, batteries, ear molds and impressions		15	11,427	\$72,137		
	Hearing Aids		13	28	\$10,200		
	Evaluations/Testing		3	6	\$71		
Adults	Fittings, dispensing fees, batteries, ear molds and impressions		12	767	\$29,545		
	Hearing Aids		20	233	\$89,705		

These units account for 45% of the total units billed for this program.

Manually Priced Codes					
Children	Repairs/Replacement Parts	(MHD Amt Paid in FY07 = \$36,800)	9	348	
	Hearing Aids	(MHD Amt Paid in FY07 = \$573,566)	26	533	
Adults	Repairs/Replacement Parts	(MHD Amt Paid in FY07 = \$5,501)	3	54	
Manually priced items are priced at cost + 20%				27,693	

These units account for 3% of the total units billed for this program.

Adult eligibility for the Audiology program is limited to the blind and pregnant women

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Comprehensive Day Rehabilitation

			Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
Codes with No Medicare							
Children	Half-day evaluation/assessment	\$65					
	Full-day evaluation/assessment	\$110					
	Half-day rehabilitation services	\$65					
	Full-day rehabilitation services	\$110					
Adults	Half-day evaluation/assessment	\$65					
	Full-day evaluation/assessment	\$110					
	Half-day rehabilitation services	\$65					
	Full-day rehabilitation services	\$110					

There were no units billed for this program in FY 2007.
 Eligibility for this program is limited to adults in a category of assistance
 for the blind, pregnant women or nursing home care.
 The program is available for all children.

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Dental Program

		Number of Codes	Units of Service	MHD Cost	Comparison Group Cost	MHD as % of Comparison Group
MO HealthNet Compared to UCR						
Children	Dental Services	161	410,758	\$12,421,529	\$36,727,015	34%
Adults	Dental Services	136	46,962	\$2,037,246	\$6,548,332	31%
MO HealthNet Compared to Medicare						
Children	Dental Services (Physician codes billed by dentists)	76	48,578	\$1,630,300	\$3,137,326	52%
Adults	Dental Services (Physician codes billed by dentists)	96	8,946	\$435,515	\$1,055,363	41%
UCR Rate Not Available						
Children	Dental Services	1	1	595		
Adults	Dental Services	1	1	690		
Codes with No Medicare						
Children	Dental (Physician codes billed by dentist)	2	2,679	\$52,365		
Adults	Dental (Physician codes billed by dentist)	2	2	\$48		
			519,813			

These units account for less than 1% of the total units billed for this program

Orthodontics

MO HealthNet covers orthodontic treatment for children. The treatment has to be prior authorized. The rate of reimbursement will be determined by the severity of the case. MO HealthNet will pay a 25% down payment then quarterly payments for 24 months. During FY07, 209 recipients were approved to receive orthodontic treatment at a cost of \$560,760. Eligibility for this program is limited to categories of assistance for the blind, pregnant women and nursing facility care as well as for cases related to trauma.

All children are eligible.

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Durable Medical Equipment Program, continued

			Number of	Units of	MHD	Comparison Group	MHD as %
			Codes	Service	Cost	Cost	of Comparison Group
Repairs							
Children	Repairs	(MHD Amt Paid in FY07 = \$145,190)	28	4,033			
Adults	Repairs	(MHD Amt Paid in FY07 = \$369,787)	36	8,670			

These units account for less than 1% of the total units billed for this program.

Medicare is more strict about repairs and will only repair items over 5 years old

Over half of MO HealthNet repair codes are manually priced

Manual wheelchair parts-Manually priced at 85% of Manufacturer's Suggested Retail Price

Power wheelchair parts-Manually priced at 90% of Manufacturer's Suggested Retail Price

Orthotic & Prosthetic repairs are reimbursed at \$42 per hour